



2005 National *Medicare & You*Training Program













Changes in Medicare Keeping up with Today's Health Care

- Promoting a healthy lifestyle
- Covering preventive services
- Offering prescription drug coverage
- Expanding coordinated care options
 - Including care for chronic conditions
- Helping people with Medicare live longer, healthier lives

What You Need to Know Now

Medicare Prescription Drug Coverage





Medicare Prescription Drug Coverage



- Coverage begins January 1, 2006
- Available for all people with Medicare



- Provided through
 - Prescription drug plans (PDPs)
 - Medicare Advantage Plans (MA– PDs)
 - Some employers and unions to retirees



August 2005



PDP and MA-PD Regions



- 34 PDP regions
- 26 MA-PD regions
- Key factors in establishing regions
 - Eligibility population and capacity
 - Beneficiary consideration
 - Limited variation in prescription drug spending













Important Information For All People With Medicare

- Medicare prescription drug coverage is available to all people with Medicare
- There is additional help for those who need it most
- Medicare prescription drug coverage pays for brand-name as well as generic drugs
- Look for a Medicare prescription drug plan that meets your needs
- Medicare prescription drug coverage helps you pay for the prescriptions you

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Medicare Prescription Drug Coverage



- Begins January 1, 2006
- Available for all people with Medicare
 - Part A, Part B, or both
- For minimum standard coverage in 2006, enrollees would pay
 - Average monthly premium of about \$32
 - First \$250 per year for prescriptions ("deductible")
 - Part of the cost of prescriptions after \$250
 - 5% of drug costs (or small copayment) after paying \$3,600 out of pocket





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Savings in 2006

- On average, for a person with Medicare and no drug coverage now
 - Total drug spending will go down by about 50%
 - Over \$1,100 per year saved
- People with other drug coverage that, on average, is at least as good as Medicare's also may save money
- These estimates do not include the extra help for people with limited incomes

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Extra Help With Drug Costs



- Available for many people with limited income and resources
- Those below Federal poverty level save over 95% on average
- People with lowest income and resources
 - Pay no premiums or deductibles
 - Have small or no copayments
- Those with slightly higher income and resources
 - Have a reduced deductible
 - Pay a little more out of pocket





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Eligibility for Extra Help



Income

Below 150% Federal poverty level

2005 __ amounts

- \$1,197 per month for an individual* or
 - \$1,604 per month for a married couple*
 - Based on family size

Resources

- Up to \$11,500 (individual)
- Up to \$23,000 (married couple)
 - Includes \$1,500/person funeral or burial expenses
 - Counts savings and stocks
 - Does not count home the person lives in



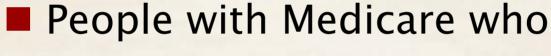
*Higher amounts for Alaska and Hawaii



Automatic Eligibility for Extra Help



Some people may automatically qualify



- Get full Medicaid benefits
- Get Supplemental Security Income (SSI)
- Get help from Medicaid paying their Medicare premiums
- All others must apply













How to Apply for Extra Help

- Social Security Administration (SSA) is mailing applications to those who may be eligible
 - Throughout the summer of 2005
- Those who think they may qualify should
 - Complete this application
 - · Mail it to the address on the back
 - Use the enclosed postage-paid envelope
 - Use original forms only (do not photocopy)
- People who are not sure should still apply
 - www.socialsecurity.gov can help people decide



Extra Help and Other Drug Coverage



- People with other drug coverage
 - Should apply for extra help, even if covered by
 - · Employer or union group health plan
 - · Indian Health Service
 - · VA health benefits
 - Should ask how Medicare drug coverage with extra help will work with the current coverage
 - Could save money with Medicare prescription drug coverage







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- Look for a Medicare prescription drug plan that meets your needs







Which Drugs Are Covered?



- Medicare-covered drugs
 - Drugs available only by prescription
 - Drugs, biologicals, insulin
 - Medical supplies associated with injection of insulin
 - Brand-name and generic drugs
- Drugs not covered
 - Drugs excluded by MMA law
 - Non-prescription drugs
 - Drugs that are covered for a person under Medicare Part A or Part B









Coverage Varies by Plan

- Plan may not cover all drugs
 - Formularies must include more than one drug in each classification
- Centers for Medicare & Medicaid Services (CMS) will review formularies
- Plan must give 60-day notice of many changes
- Plan must have exception process
 - Gives enrollees access to medically necessary drugs
 - Decision can be appealed









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- Medicare prescription drug coverage helps you pay for the prescriptions you



Ways to Get Coverage



- Medicare prescription drug coverage is provided through
 - Medicare Prescription Drug Plans
 - Medicare Advantage and other Medicare Health Plans
 - Some employers and unions to retirees



Coverage is NOT automatic



People need to understand their options









Joining a Plan

- Enroll directly with the plan sponsor
- Can get help in enrolling
 - Legal representative
 - Spouse, other relative, friend, or advocate
- Initial Enrollment Period

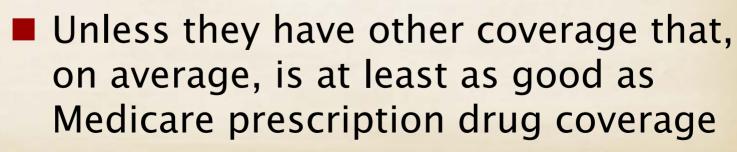
For people entitled to Medicare before February 2006	November 15, 2005, through May 15, 2006
For people entitled to Medicare on February 1, 2006, or later	7-month period



Late Enrollment



- Most people will have to pay a penalty if they wait to enroll
 - Additional 1% of base premium for every month the person was eligible but not enrolled
 - For as long as the person is enrolled in a Medicare prescription drug plan















Coverage on Average at Least as Good as Medicare's

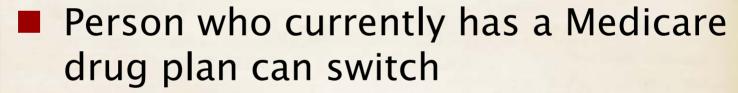
- People with other coverage
 - Will receive information from the other plan
 - Will not pay a penalty if they wait to enroll
 - If coverage is at least as good as Medicare prescription drug coverage
- Possible examples
 - Some group health plans (GHP)
 - State Pharmacy Assistance Program (SPAP)
 - VA coverage
- Military coverage including TRICARE



Annual Coordinated Election Period



- November 15 December 31 every year
- Person who does not have a Medicare drug plan can enroll











Example of Late Enrollment







Mrs. Jones has Medicare Part A and Part B, and she has no prescription drug coverage. She does not enroll in a Medicare prescription drug plan by May 15, 2006, the end of the Initial Enrollment Period.

- When will she have another opportunity to enroll in a Medicare prescription drug plan?
- What are the consequences of waiting to enroll later?



Example of Late Enrollment



When will Mrs. Jones have another opportunity to enroll in a Medicare prescription drug plan?

 She can enroll during the next Annual Coordinated Election Period, November 15 - December 31, 2006, with coverage effective January 1, 2007.



What are the consequences of waiting to enroll later?

 Since Mrs. Jones does not have coverage at least as good as Medicare drug coverage, she will pay a penalty.





Important Information For All People With Medicare



- ✓ Medicare prescription drug coverage is available to all people with Medicare
- ✓ There is additional help for those who need it most



- ✓ Medicare prescription drug coverage pays for brand-name as well as generic drugs
- ✓ Look for a Medicare prescription drug plan that meets your needs



Medicare prescription drug coverage helps you pay for the prescriptions you need



Things to Consider



- What is current health insurance coverage?
 - Medicare and employer/union, including military
 - Original Medicare Plan
 - Medicare Advantage and other Medicare Health Plans
 - · HMO, PPO, PFFS
 - Medicare Cost Plans
 - Medicare and Medicaid
- Is there currently prescription drug coverage?
- Even those with current drug coverage should ask
 - "Is Medicare prescription drug coverage right for



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Medicare and Medicaid

What to do

- You automatically qualify for the extra help
- Watch the mail this fall
 - Letter about choosing a Medicare prescription drug plan
 - Medicare & You 2006 handbook

Choices to make

- Compare drug plan options and enroll in a plan
 - If not, Medicare will enroll you in one by December 31, 2005
 - Starting January 1, 2006, Medicare will pay for your prescription drugs
- Can switch to another plan at any time

Other State/Federal Assistance Programs

What to do

- You automatically qualify for the extra help if you
 - Get help from Medicaid paying your Medicare premiums
 - Get Medicare and Supplemental Security Income (SSI) benefits
- Watch the mail for Medicare & You 2006 handbook

Choices to make

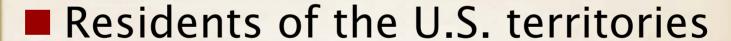
- Compare drug plan options
- Find a plan that meets your needs
- If no choice made by May 15, 2006, you will be enrolled on June 1, 2006
 - Also applies to people who applied and qualify for extra help
 - Can switch once to another plan (if you get help from Medicaid paying your Medicare premiums, you can switch at any time)



Special Populations



- State Pharmacy Assistance Program participants
- People in long-term care facilities









State Pharmacy Assistance Programs



- Provide wraparound coverage
- Provide same or better coverage and save money



Reduce state costs or expand population served



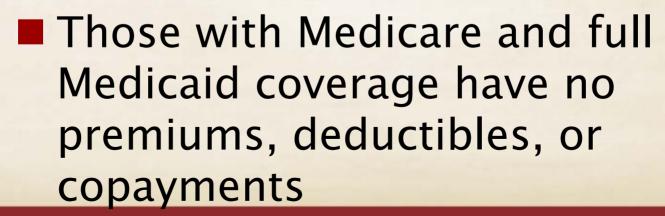
Costs incurred by SPAP may or may not be counted toward outof-pocket limit



Long-Term Care Facilities



- Residents
 - Usually obtain drugs from pharmacy chosen by the facility
 - Can change plans at any time
 - Will have convenient access







U.S. Territories



- Each territory has its own prescription drug plan region
- Each territory can develop its own extra help
 - Help with premiums, coinsurance, copayments, deductibles or
 - Provide supplemental coverage





Choosing a Plan



- See Medicare & You 2006 handbook
 - To be mailed October 2005
 - Read about prescription drug plans in the area
- For help in choosing a plan
 - Visit <u>www.medicare.gov</u>
 - To get personalized information
 - Call 1–800–MEDICARE (1–800–633–4227)
 - TTY users call 1-877-486-2048
 - Call the local State Health Insurance Assistance Program
 - Attend local community events









- May 2005
 - Medicare mailed notices to people who automatically qualify for extra help
- Summer 2005
 - Social Security Administration mails applications to people who may be eligible for the extra help
- July 1, 2005
 - Social Security application for the extra help available online









- September 16 November 15, 2005
 - Medigap plans with drug coverage mail information to policy holders



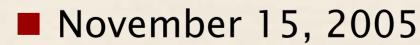
- October 13, 2005
 - Begin comparing plans
 - www.medicare.gov
 - 1-800-MEDICARE (1-800-633-4227)







- October 2005
 - Medicare & You 2006 handbook mailed
 - Medicare notifies people with Medicare and Medicaid of the plan they will be automatically enrolled in on January 1, 2006, if they do not enroll on their own
 - Employer plans send coverage information to enrollees



Initial Enrollment Period begins









- January 1, 2006
 - Medicare prescription drug plan coverage begins for those enrolled
- May 15, 2006
 - Last day of Initial Enrollment Period
- June 1, 2006
 - Facilitated enrollment of people entitled to extra help who did not enroll by May 15







For More Information



Websites

- www.medicare.gov
- www.cms.hhs.gov/partnerships
- www.socialsecurity.gov



- Medicare & You handbook
- Facts About Medicare Prescription Drug Plans
- 1-800-MEDICARE (1-800-633-4227)
- Social Security Administration
 - 1-800-772-1213







Thank You!



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